

VIRGINIA DEPARTMENT OF MINES, MINERALS & ENERGY
VIRGINIA GAS AND OIL BOARD
August 19, 2008

Pursuant to Sections 45.1-361.9.B and 45.1-361.22.B of the Code of Virginia, the Virginia Gas and Oil Board conducted a hearing commencing at 9 a.m. on Tuesday, August 19, 2008, at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia. Board members present were Benny R. Wampler Chairman, Donnie Ratliff, Bruce Prather, Nellie Dye, and Bill Harris. Sharon Pigeon, Assistant Attorney General was present to advise the Board. The board heard the following items:

1. A quarterly report on the board escrow account as administered by Wachovia Bank, Escrow Agent for the Virginia Gas and Oil Board. David Asbury, Principal Executive to the Board presented a review of the Board's Escrow Account with Wachovia Bank for the second quarter of 2008.

Quarterly Statement of Account
Wachovia Bank, Escrow Agent for:
Virginia Oil and Gas Board (VGOB)

	2007 Year-End	2008 31-Mar	2008 30-Jun	2008 Year-to-date
1 Beginning Value	\$ 15,942,163	\$ 18,514,685	\$ 19,386,778	\$ 18,514,865
2 Contributions	\$ 2,880,421	\$ 763,348	\$ 2,056,250	\$ 2,819,598
3 Income (net)	\$ 754,937	\$ 122,999	\$ 74,391	\$ 197,389
4 Realized Gain / (Loss)	\$ -	\$ -	\$ -	\$ -
5 Unrealized Gain / (Loss)	\$ -	\$ -	\$ -	\$ -
6 Fees and Expenses	\$ -	\$ -	\$ -	\$ -
7 Withdrawals	\$ (1,062,657)	\$ (14,254)	\$ -	\$ (14,254)
8 Ending Value	\$ 18,514,865	\$ 19,386,778	\$ 21,517,418	\$ 21,517,598

2. A petition from Range Resources-Pine Mountain, Inc. for creation of a drilling unit and pooling of conventional gas unit V-504473, Kenady District, Dickenson County, Virginia. Docket Number VGOB-08-0617-2258. Continued from July.

The applicant seeks the creation of a drilling unit and pooling of conventional gas unit for well V-504473, encompassing 112.69 acres. The applicant controls 82.469% of the gas estate and seeks to pool the remaining 17.536%. There are fifty two unleased claimants in two tracts with a total 19.7 unleased acres. There are also unknown claimants reflected within the petition. **The petition was approved.**

3. Petitions and Memorandum of Law filed by S. T. Mullins and J. Scott Sexton on behalf of GeoMet operating appealing a decision by the Director of the Division of Gas and Oil regarding Informal Fact Finding Conference **IFFC 20908**. (Jewell Smokeless Coal Corp. who originally filed objections in conjunction with Island Creek Coal has been dismissed from this continuance after an agreement addressing

safety concerns was reached between Jewell Smokeless Coal Corporation, Calico Coal, Inc. and GeoMet Operating Company Inc.) Docket Number VGOB-08-0617-2259. Continued from July.

Legal Counsels for GeoMet Operating Company have submitted an appeal of the Directors Decision in Informal Fact Finding Conference (IFFC), docket 20908. In his decision the Director stated:

“With standing established, the remaining consideration is coal owner objections and the invocation of § 45.1-361.12.A by the objecting parties. That section is very straightforward and unequivocal. It does not require the objecting coal owner to provide explanation or justification, and does not allow for any discretion on the part of the Director. Simply put, the statute requires that, in the absence of an agreement between the Coal Owner and the Applicant regarding a well location within 2500’ of any existing well, the permit shall be denied. Both Jewell and Island Creek stated that they will not agree to any locations within the units.

Based on the requirements of Section 45.1-361.12.A of the Virginia Gas and Oil Act, it is, therefore, the decision of the Director to deny the permits for operations Rogers 201 CBM Unit F-44 (application # 10140) (based on objections by Jewell Smokeless Coal Corporation and Island Creek Coal Company) and Rogers 202 CBM Unit F-45 (application #10141) (based on objections by Island Creek Coal Company).” **A request by counsel to continue this item to September was approved.**

4. A petition from S. T. Mullins on behalf of GeoMet Operating Company appealing a decision by the Director of the Division of Gas and Oil regarding Informal Fact Finding Conference IFFC 21008. Docket Number VGOB-08-0617-2260. Continued from July.

Legal Counsel for GeoMet Operating Company has submitted an appeal of the Directors Decision in Informal Fact Finding Conference (IFFC), docket 21008. In his decision the Director stated:

With standing established, the remaining consideration is coal owner objections and the invocation of § 45.1-361.12.A by the objecting parties. That section is very straightforward and unequivocal. It does not require the objecting coal owner to provide explanation or justification, and does not allow for any discretion on the part of the Director. Simply put, the statute requires that, in the absence of an agreement between the Coal Owner and the Applicant regarding a well location within 2500’ of any existing well, the permit shall be denied. Island Creek stated that they will not agree to any locations within the units.

Based on the requirements of Section 45.1-361.12.A of the Virginia Gas and Oil Act, it is, therefore, the decision of the Director to deny the permits for operations 431 VA-D37 Rogers (Application #11243), 430 VA-D36 Rogers (Application #11244), 429 VA-D35 Rogers (Application #11245), 425 VA-E36 Rogers (Application #11246), 424 VA-E35 Rogers (Application #11247), and 423 VA-E34 Rogers (Application #11248).” **A request by counsel to continue this item to September was approved.**

5. A petition from Mark A. Swartz on behalf of Island Creek Coal Company appealing a decision by the Director of the Division of Gas and oil regarding Informal Fact Finding Conference IFFC 21108. Docket Number VGOB-08-0617-2261. Continued from July.

Legal Counsel for Island Creek Coal Company has submitted an appeal of the Directors Decision in Informal Fact Finding Conference (IFFC), docket 21108. In his decision the Director stated:

“Since promulgation of the Virginia Gas and Oil Act of 1990, the Division of Gas and Oil has instituted requirements that are in accord with the view of Island Creek. That is, a consent-to-stimulate coal within 750 feet of the proposed coalbed methane well has been required from the mine operator, the coal lessee, or the coal fee owner in that order. Stated differently, all coals subject to stimulation as defined in § 45.1-361.29.F (2) are required to have a consent to stimulate from some owner. This is the real point of contest in this IFFC, and is one that has apparently not been raised before. GeoMet is challenging DGO’s procedures and interpretation of statutes that require consent from some “Coal Owner” and is proposing that the “Coal Operator” definition is much narrower and is what the law demands.

A compelling case was made that the intent of the law is well demonstrated by the fact that the Virginia Gas and Oil Act contains separate definitions for “Coal Operator” and “Coal Owner”, and refers only to the “Coal Operator” in its requirement for consent to Stimulate. On reflection, it seems illogical that two definitions would be used if there was no difference in the meaning of the two terms or complete overlap between them. While 18 years of precedent at DGO is not to be ignored, any possibility that that precedent was built on false interpretation of statute must be addressed.

It is, therefore, the decision of the Director that Island Creek Coal Company is not a “Coal Operator” in the area of the subject Applications, and that no consent to stimulate from Island Creek will be required for Rogers 209 VA-ZZZ41 (Application # 10080), Rogers 201 CBM F44 (Application # 10140), or Rogers 202 CBM F45 (Application # 10141). Because this decision is contrary to years of practice at DGO, it will not be instituted into general policy, if appeals are filed and expeditiously pursued, until all appeals have been heard or appeal rights have expired. DGO reserves the right to implement policy changes at any time with appropriate notice.”
A request by counsel to continue this item to September was approved.

6. A petition from Equitable Production Company for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells served by well VH-539909, Roberson District, Wise County, Virginia. Docket Number VGOB-08-0715-2271. Continued from July.

The applicant is seeking to establish a provisional **320-acre** square drilling unit for drilling of horizontal conventional gas wells identified as (VH-539909) (BK-7).

Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition. **A request by counsel to withdraw this petition was approved.**

7. A petition from Equitable Production Company for the establishment of a 235.08 acre provisional drilling unit for the drilling of horizontal coalbed methane gas wells served by well VCH-539987, Hurricane District, Buchanan County, Virginia. Docket number VGOB-08-0715-2273. Continued from July.

The applicant is seeking to establish a provisional 235.08-acre square drilling unit for drilling of horizontal conventional gas wells identified as (VCH-539987). Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 235.41 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Raven, including but not limited to: Middle Seaboard, War Creek, Lower Horsepen, Pocahontas 9, and all zones in communication therewith and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition. **A request by counsel to withdraw this petition was approved.**

8. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530073, Sandlick District, and Dickenson County, Virginia. Docket Number VGOB-08-0715-2290. Continued from July.

In this petition, the applicant seeks a location exception for drilling V-530073 (a circular unit) as the EPC Well No. P-234 lies 2,310 feet to the southwest, the Range Resources Pine Mountain Well No. 536100 lies 2,325 feet northeast, well V-2135 lies 1,670 feet to the northwest and the EPC Well No. P-550291 lies 2,369 feet southeast, of the proposed site. **The petition was approved.**

9. A petition from CNX Gas Company LLC for pooling of Coalbed Methane Unit AX-133, Maiden Springs District, and Tazewell County, Virginia. Docket Number VGOB-08-0819-2291.

In the AX-133, 58.74 acre unit, the applicant controls 100.0% of the coal and 56.67% of the gas interests. The applicant seeks to pool the remaining 43.33% of the gas interests. Unleased gas acreage subject to pooling totals 25.4 net acres + / - in

eighteen tracts. There are conflicting claimants subject to escrow reported. **The petition was approved.**

10. A petition from CNX Gas Company LLC for pooling of Coalbed Methane Unit BG-122, New Garden District, and Russell County, Virginia. Docket Number VGOB-08-0819-2292.

In the BG-122, 58.74 acre unit, the applicant controls 68.44% of the coal and 81.00% of the gas interests. The applicant seeks to pool the remaining 31.56% of the coal and 19.00% of the gas interests. Unleased gas acreage subject to pooling totals 11.1 net acres +/- in thirteen tracts. There are unknowns and conflicting claimants subject to escrow reported. **The petition was approved.**

11. A petition from CNX Gas Company LLC for pooling of Coalbed Methane Unit EE-10, Hurricane District, and Buchanan County, Virginia. Docket Number VGOB-08-0819-2293.

In the EE-10, 80 acre unit, the applicant controls 85.69% of the coal and gas interests. The applicant seeks to pool the remaining 14.31% of the coal and gas interests. Unleased gas acreage subject to pooling totals 11.1 net acres +/-, in thirteen tracts. No escrowing required. **The petition was approved.**

12. A petition from CNX Gas Company LLC for creation of drilling unit and pooling of Coalbed Methane Unit TA-85, Maiden Springs District, and Tazewell County, Virginia. Docket Number VGOB-08-0819-2294.

The applicant is seeking to establish a circular 18.03-acre drilling unit TA-85 for drilling of coalbed methane well identified as (TA-85). Applicant owns and or has a lease on 91.12% of the coal, oil and gas interest in the entire unit. Requested relief would include establishment of the unit and the pooling of the remaining 8.87% of the coal, oil and gas interests. . Unleased gas acreage subject to pooling totals 1.6 net acres +/-, in one tract. There are no unknowns or conflicting claimants indicated. **The petition was approved.**

13. A petition from CNX Gas Company LLC for creation of drilling unit and location exception for horizontal Coalbed Methane Unit, being served by wells BK69 and BK69A, Johnson District, and Scott County, Virginia. Docket Number VGOB-08-0819-2297.

The applicant is seeking to establish a horizontal unit identified as BK69 and BK69A and location exception for horizontal coalbed methane well(s). This proposed horizontal drilling area consists of five 80 acre units or 400 total acres (Exhibit 1A) including units BK69, BJ69, BI69, BJ68, and BJ70. The petition was approved. Unit 100% leased. **Petition approved to modify the Roaring Fork Field.**

14. A petition from CNX Gas Company LLC for creation of drilling unit and location exception of horizontal Coalbed Methane Unit being served by wells BJ72 and BK72A, Johnson District, and Scott County, Virginia. Docket Number VGOB-08-0819-2298.

The applicant is seeking to establish a horizontal coalbed methane unit identified as BJ72A and BK72A and location exception. This proposed horizontal drilling area consists of five 80 acre units or 400 total acres (Exhibit 1A), including units BK72, BJ72, BI72, BJ71, and BI70. Unit 100% leased. **Petition approved to modify the Roaring Fork Field Order.**

15. A petition from CNX Gas Company LLC for creation of drilling unit, location exception and pooling of horizontal Coalbed Methane Unit being served by wells TA185 and TA186, Maiden Springs District, and Tazewell County, Virginia. Docket Number VGOB-08-0819-2299.

The applicant is seeking to establish a horizontal coalbed methane unit identified as TA185 and TA186, location exception, and pooling. This proposed horizontal drilling area consists of six 80 acre units or 480 total acres (Exhibit 1A), including units N62, O62, P62, O61, P61, and O63. In Unit N62, there are conflicting claimants on Tract 1B containing 0.2 acres +/- . In Unit O63 there is conflicting claimants on Tract 1C containing 5.0 acres +/- . In Unit P61 there are two tracts with totaling 9.85 acres +/- unleased and unknown claimants. **After presentation and discussion of the Plat within the unit (which will be revised and submitted), the petition was approved for the location exception, creation of unit and pooling.**

16. A petition from CNX Gas Company LLC for **creation** of Drilling Unit, location exception and pooling of Horizontal Coalbed Methane Unit served by wells TA81 and TA187, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-08-0819-2300.

The applicant is seeking to establish a horizontal coalbed methane unit identified with wells TA81 and TA187, location exception, and pooling. This proposed horizontal drilling area consists of four 80 acre units or 320 total acres (Exhibit 1A), including units O60, O61, P60, and P61. In Unit P60, there is one unleased tract, Tract 4 containing 2.0 acres +/- . In Unit P61 there are two unleased claimants on Tracts 3A and 3B containing 5.0 acres +/- . In Unit P61 there are two tracts with totaling 9.85 acres +/- unleased and with an unknown claimant. **After presentation and discussion of the Plat within the unit (which will be revised and submitted), the petition was approved for the location exception, creation of unit and pooling.**

17. A petition from Equitable Production Company for the establishment of provisional 320 acre Drilling Unit for the drilling of horizontal Conventional gas wells in the Gladeville District, and Wise County, Virginia. Docket Number VGOB-08-0819-2301.

The applicant is seeking to establish a provisional horizontal conventional unit consisting of five 320 acres (Exhibit A) and is 100% leased. **The petition was approved.**

18. A petition from Equitable Production Company for the establishment of a provisional 320 acre Drilling Unit for the drilling of **horizontal** conventional gas wells in the Gladeville District, Wise County, Virginia. Docket Number VGOB-08-0819-2302.

The applicant is seeking to establish a provisional horizontal conventional unit and horizontal drilling area consists of five 320 acres (Exhibit A). **A request by counsel to withdraw this petition was approved.**

19. A petition from Equitable Production Company for the establishment of a provisional 320 acre Drilling Unit for the drilling of horizontal conventional gas wells in the Gladeville District, and Wise County, Virginia. Docket Number VGOB-08-0819-2303.

The applicant is seeking to establish a provisional horizontal conventional unit and proposed horizontal drilling area consists of five 320 acres (Exhibit A) and is 100% leased. **The petition was approved.**

20. A petition from Equitable Production Company for a well location exception for proposed well V-502739, Lipps District, and Wise County, Virginia. Docket Number VGOB-08-0819-2304.

In this petition, the applicant seeks a location exception for drilling V-502739 within a 112.69 circular unit in the Lipps District of Wise County. The EPC active Well No. V-502360 lies 2,605 feet to the south- southwest of the newly proposed well. **The petition was approved.**

21. A petition from Equitable Production Company for pooling of coalbed methane Unit VC-536635, Prater District, and Buchanan County, Virginia. Docket Number VGOB-08-0819-2305.

In the VC-536635 (Nora AL 80), 68.69 acre unit, the applicant controls 91.29% of the coal estate and 0.00% of the gas interests. The applicant seeks to pool the remaining 8.71% of the coal and 100.0% of the gas interests. Unleased gas acreage subject to pooling totals 69.69 +/- net acres in two tracts having nineteen ten unleased or conflicting parties. **The petition was approved.**

22. A petition from Equitable Production Company for pooling of coalbed methane Unit VC-536504, New Garden District, and Russell County, Virginia. Docket Number VGOB-08-0819-2306.

In the **VC-536504, 58.77 acre unit**, the applicant controls 100.0% of the coal and 99.08% of the gas interests. The applicant seeks to pool the remaining 0.92% of the

gas interests. Unleased gas acreage subject to pooling totals 0.54 +/- net acres in one tract having one unleased party. There is one unknown claimant subject to escrow indicated. **The petition was approved.**

23. A petition from Equitable Production Company for pooling of coalbed methane Unit VC-502398, Hurricane District, and Buchanan County, Virginia. Docket Number VGOB-08-0819-2307.

In the VC-502398, 58.77 acre unit, the applicant controls 100.0% of the coal and 98.89% of the gas interests. The applicant seeks to pool the remaining 1.11% of the gas interests. Unleased gas acreage subject to pooling totals 0.65 +/- net acres in one tract having two unleased parties. There are no unknown claimants subject to escrow indicated. Petitioner to file revised Exhibit E. **The petition was approved.**

24. A petition from Equitable Production Company for pooling of a drilling unit supported by wells VH-539904 and VH-539905, Lipps District, and Wise County, Virginia. Docket Number VGOB-08-0819-2308.

In the VH-539904 and VH-539905, 320 acre unit, the applicant controls 100.0% of the coal and 84.46% of the gas interests. The applicant seeks to pool the remaining 15.53% of the gas interests. Unleased gas acreage subject to pooling totals 49.69 +/- net acres in 12 tracts having three hundred and three unleased parties. There are unknown claimants subject to escrow indicated. **Counsel requested a continuance which was granted to the October docket for notice reasons.**

25. A petition from Equitable Production Company for pooling of unit and well number VH-539573, Lipps District, and Wise County, Virginia. Docket Number VGOB-08-0819-2309.

In the VH-539573, 320 acre unit, the applicant controls 98.61% of the gas interests. The applicant seeks to pool the remaining 1.38% of the gas interests. Unleased gas acreage subject to pooling totals 4.43 +/- net acres in one tract having three unleased parties. There are unknown claimants subject to escrow indicated. **The petition was approved.**

26. A petition from Equitable Production Company for pooling of coalbed methane unit and well VC-539782, Hurricane District, and Buchanan County, Virginia. Docket Number VGOB-08-0819-2310.

In the VC-539782, 320 acre unit, the applicant controls 68.78% of the coal oil and gas interests. The applicant seeks to pool the remaining 31.22% of the coal, oil gas interests. Unleased acreage subject to pooling totals 18.34 +/- net acres in the coal, oil and gas estate. There are sixteen unleased parties in one tract. There are no unknown claimants subject to escrow indicated. **After presentation and discussion of the revised Exhibit E, the petition was approved.**

27. A petition from Equitable Production Company for pooling of coalbed methane unit and well VCI-539939 (BU-55), Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-08-0819-2311.

In the VCI-539939, (BU-55) 58.77 acre unit, the applicant controls 99.78% of the coal and gas interests. The applicant seeks to pool the remaining 0.22% of the coal and gas interests. Unleased acreage subject to pooling totals 0.13 +/- net acres in one tract having one unleased party. There are unknown claimants subject to escrow indicated. **The petition was approved.**

28. A petition from Equitable Production Company for modification of the Nora Coalbed Gas Field Rules to allow for drilling of an additional well in units BU-48, BU-55 and BW50, Kenady and Ervinton Districts, and Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-32.

The applicant seeks a modification of the Nora Field Rules to allow one additional coalbed gas well to be drilled within each of the 58.77 acre Nora Units Identified: Unit BU-48 (VC-536865), BU-55 (VC-504658), and BW50 (VC-536986). **The petition was approved.**

29. A petition for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 4, Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-93-0119-0309-02.

Conflicting owners of coalbed methane royalties have reached an agreement regarding VGOB Tracts 1c, 1d, and 1f within drilling Unit W-35 under Section 45.1-361.22(5) of the Gas and Oil Act. The petition calls for disbursements to Consolidation Coal Company, Guster Clifton, and Hurt McGuire Land Trust in accordance with their ownership interests. **The petition was approved.**

30. A petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-232 (F-100), North Grundy District, and Buchanan County, Virginia. Docket Number VGOB-08-0819-2312.

In the AE-232, (F-100) 58.77 acre unit, the applicant controls 57.64% of the coal and 61.28% of the gas interests. The applicant seeks to pool the remaining 42.36% of the coal and 23.86% of the gas interests. Unleased coal acreage subject to pooling totals 26.1 +/- net acres while the unleased gas acreage totals 23.86 +/- acres. There are eight unleased parties in the coal estate and seven unleased parties in the gas estate within three tracts. There are no unknown claimants subject to escrow indicated. **The petition was approved.**

31. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional 320 acre drilling unit for the drilling of horizontal conventional gas wells in the Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-08-0819-2313.

The applicant is seeking to establish a provisional 320-acre square drilling unit for drilling of horizontal conventional gas wells identified as **Range 2313**. Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the “Pool”) underlying the area. No application for the drilling of this unit has been submitted prior to this petition. **The petition was approved.**

32. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional 320 acre drilling unit for the drilling of horizontal conventional gas wells Sandlick District, and Dickenson County, Virginia. Docket Number VGOB-08-0819-2314.

The applicant is seeking to establish a provisional 320-acre square drilling unit for drilling of horizontal conventional gas wells identified as **Range 2314**. Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the “Pool”) underlying the area. No application for the drilling of this unit has been submitted prior to this petition. **The petition was approved.**

33. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional 320 acre drilling unit for the drilling of horizontal conventional gas wells in the Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-08-0819-2315.

The applicant is seeking to establish a provisional 320-acre square drilling unit for drilling of horizontal conventional gas wells identified as **Range 2315**. Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the “Pool”) underlying the area. No application for the drilling of this unit has been submitted prior to this petition. **The petition was approved.**

34. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional 320 acre drilling unit for the drilling of horizontal conventional gas wells in the Kenady and Ervinton Districts, and Dickenson County, Virginia. Docket Number VGOB-08-0819-2316.

The applicant is seeking to establish a provisional 320-acre square drilling unit for drilling of horizontal conventional gas wells identified as **Range 2316**. Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition. **The petition was approved.**

35. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well Haysi 145, Prater District, and Buchanan County, Virginia. Docket Number VGOB-08-0819-2317.

In this petition, the applicant seeks a location exception for drilling well Haysi 145. The location proposed is outside the 300 feet offset window but is inside the established unit perimeter. The proposed location would place Haysi 145 at least 600 feet from the Lovers Gap #33 well. **The petition was approved.**

36. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well Haysi 147, Prater District, and Buchanan County, Virginia. Docket Number VGOB-08-0819-2318.

In this petition, the applicant seeks a location exception for drilling well Haysi 147. The location proposed is outside the 300 feet offset window but is inside the established unit perimeter. The proposed location would place Haysi 147 at least 600 feet from the Lovers Gap #35 well. **The petition was approved.**

37. A petition from Range Resources-Pine Mountain for pooling of conventional gas unit V-530038, Sandlick District, and Dickenson County, Virginia. Docket Number VGOB-08-0819-2319.

In the V-530038, 112.69 acre circular unit, the applicant controls 95.27% of the gas interests. The applicant seeks to pool the remaining 4.73% of the gas interests. Unleased coal acreage subject to pooling totals 5.33 +/- net acres. There are four unleased parties within four tracts. There are no unknown claimants subject to escrow indicated. **The petition was approved.**

38. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530074, Willis District, and Dickenson County, Virginia. Docket Number VGOB-08-0819-2320.

In this petition, the applicant seeks a location exception for drilling well number V-530074. Well V-530074 is located on the Tarpon Coal & Coke Co. T-860 1465 acre tract. Production from this 112.69 circular unit is expected in all the Mississippian and Devonian Age formations (Ravencliff, Maxon, Big Lime, Weir, Berea, and Devonian Shale at a total depth of 5,538 feet. The circular unit has a radius of 1250 feet. The EPC Well No P-356 lies 2,500 feet northeast of the proposed location; EPC Well No P-101 lies 2,790 feet north; Range Resources-Pine Mountain Inc Well No. V-530075 lies 2,185 feet south; and EPC Well No. P-206 lies 1,540 feet south (See Exhibit A). **The petition was approved.**

The Virginia Gas and Oil Board will hear public comments regarding Board matters immediately following the final docket item.

- (1) Mr. Jerry Grantham, President of the Virginia Oil and Gas Association gave a brief overview of oil, gas and coalbed methane activity in Virginia and its relationship to other producing states. He distributed a VOGA brochure reflecting 2007 statistics for Virginia Gas and Oil production. Jerry highlighted the benefits of the gas industries to SW Virginia Counties outlining a 3% severance tax on conventional gas and Coalbed Methane Gas is paid to the producing county. The amount of severance tax has increased 230% over the past 4 years with \$16.6 million July 1, 2006 to June 30 2007, and \$9.5 million (half year) July 1, 2007 to December 31, 2007. In addition to severance taxes, the producing counties and Commonwealth benefit from gas development by:
- The creation of local jobs
 - Revenue from real estate taxes of approximately \$5.0 million annually
 - Revenue from payroll taxes
 - Revenue from sales taxes
 - Trickle-down effect in the local economy.
- (2) Ms. Katherine Jewell presented a document for consideration concerning her review of Gas and Oil Regulations and Gas and Oil Board Regulations. The document provides comments on 4 VAC 25-150 and 4 VAC 25-160 of the Regulations plus information related to Intangible Drilling Cost Tax Deductions, Tangible Drilling Cost Tax Deductions, Active vs. Passive Income and Tax incentives for marginal wells. She discusses these tax credit advantages for gas producers. The document is critical of the regulations and advantages for gas operators in Virginia under the Virginia Gas and Oil Act of 1990. Further, the document discusses her view of the effect of changes to force pooling orders prior to the 1990 Act and afterwards.

(3) John Sheffield was heard by the board and asked for particular clarifications on pooling issues regarding a re-pooling circumstance.

Minutes from the July 2008 hearing were approved.

Information concerning the above docket items can be viewed from 8 a.m. to 5 p.m. Monday through Friday at the office of the Department of Mines, Minerals and Energy, Division of Gas and Oil, 230 Charwood Drive, Abingdon, Virginia. All questions concerning the agenda should be directed to the Division of Gas and Oil by telephoning 276-676-5423.

The deadline for filing of petitions to the Board for the October hearing is 5 p.m. Friday, September 19, 2008 with the hearing scheduled for 9 a.m. on Tuesday, October 21, 2008 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.